

AMENDED IN SENATE MAY 27, 2014
AMENDED IN SENATE MAY 14, 2014
AMENDED IN SENATE APRIL 10, 2014
AMENDED IN SENATE MARCH 20, 2014

SENATE BILL

No. 831

Introduced by Senator Hill
(Principal coauthor: Senator Beall)
(Principal coauthors: Assembly Members Garcia and Levine)

January 6, 2014

An act to amend Sections ~~82015, 87207,~~ 89506, 89513, ~~89514,~~ 89515, 89516, and 89517 of, and to add Sections 87106, ~~89514.5,~~ and 89515.5 to, the Government Code, relating to the Political Reform Act of 1974, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 831, as amended, Hill. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing and related matters, including the reporting of campaign contributions, as defined. Under existing law, a payment made at the behest of a candidate for elective office is considered a contribution unless the payment is made for purposes unrelated to the candidate's candidacy, and a payment is presumed to be unrelated to a candidate's candidacy if it is made principally for legislative, governmental, or charitable purposes. ~~Pursuant to the act, payments principally for legislative, governmental, or charitable purposes made at the behest of a candidate who is an elected officer must be reported within 30 days following the date on which the~~

payment or payments equal or exceed \$5,000 in the aggregate from the same source in the same calendar year in which they are made.

~~This bill would reduce the reporting threshold for a behested payment to \$2,500. The bill would also require the Fair Political Practices Commission to post certain behested payment reports on its Internet Web site within 30 days of receipt of the report. The bill would prohibit an elected officer from requesting that a payment be made, or a person from making a payment, at the behest of the elected officer to a nonprofit organization that the elected officer knows or has reason to know is owned or controlled by that officer or specified family members of the officer, except as specified. The bill would provide that an elected officer is deemed to have complied with that requirement if the Commission determines that the elected officer has made a reasonable effort to ascertain whether a nonprofit organization is owned or controlled by any of the specified persons.~~

(2) The act prohibits specified officers from receiving gifts, as defined, in excess of \$440 in value from a single source in a calendar year. The act exempts gift payments for the actual costs of specified types of travel that are reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, from the annual limit on the value of gifts from a single source.

~~This bill would impose an annual limit on gift payments from a single source for these types of travel at \$8,000. The bill would also require a nonprofit organization that pays for these types of travel to disclose the names of donors responsible for funding the payments, as specified. The bill would require a person who receives a gift of a travel payment to report the travel destination on his or her statement of economic interests.~~

(3) The act requires that contributions deposited into a campaign account be held in trust for expenses associated with the election of the candidate or for expenses associated with holding office. The act provides that an expenditure to seek office is within the lawful execution of this trust if it is reasonably related to a political purpose and an expenditure associated with holding office is within the lawful execution of this trust if it is reasonably related to a legislative or governmental purpose. Expenditures that confer a substantial personal benefit must be directly related to a political, legislative, or governmental purpose. The act authorizes the use of campaign funds to make donations or loans to bona fide charitable, educational, civic, religious, or similar

tax-exempt nonprofit organizations. The act imposes additional limitations on certain expenditures, including those relating to automotive expenses, travel expenses, tickets for entertainment or sporting events, personal gifts, and real property expenses.

The bill would prohibit an elected officer or a committee controlled by the elected officer from making an expenditure of campaign funds to a nonprofit organization owned or controlled by the officer or specified family members of the officer, as specified.

This bill would also limit the expenditure of campaign funds for other purposes, as specified, including personal vacations, payments for membership dues for a country club, health club, or other recreational facility, tuition payments, utility payments, vehicle use that is not directly related to an election campaign, and certain gifts for specified family members of a candidate, elected officer, or other individuals with the authority to approve the expenditure of campaign funds held by a committee.

~~(4) Existing law permits the expenditure of campaign funds for attorney's fees and other costs in connection with administrative, civil, or criminal litigation, as specified. Existing law also authorizes an elected state officer to establish a separate legal defense account to defray attorney's fees and other related legal costs incurred for the officer's legal defense in an administrative, civil, or criminal proceeding arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officer's governmental activities or duties.~~

~~This bill would prohibit the expenditure of campaign funds for attorney's fees and other costs in connection with criminal litigation for which a candidate or elected officer has been indicted or arrested, and would limit the payment of criminal litigation attorney's fees and other related legal costs arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officer's governmental activities or duties to funds deposited in a legal defense account created pursuant to other specified provisions of law. The bill would also prohibit a committee that is not a legal defense committee from making an expenditure of campaign funds to any legal defense account.~~

~~(5)~~

(4) A violation of the act's provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(6)

(5) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

(6) *This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 82015 of the Government Code is~~
2 ~~amended to read:~~

3 ~~82015. (a) "Contribution" means a payment, a forgiveness of~~
4 ~~a loan, a payment of a loan by a third party, or an enforceable~~
5 ~~promise to make a payment, except to the extent that full and~~
6 ~~adequate consideration is received, unless it is clear from the~~
7 ~~surrounding circumstances that it is not made for political purposes.~~

8 ~~(b) (1) A payment made at the behest of a committee, as defined~~
9 ~~in subdivision (a) of Section 82013, is a contribution to the~~
10 ~~committee unless full and adequate consideration is received from~~
11 ~~the committee for making the payment.~~

12 ~~(2) A payment made at the behest of a candidate is a contribution~~
13 ~~to the candidate unless the criteria in either subparagraph (A) or~~
14 ~~(B) are satisfied:~~

15 ~~(A) Full and adequate consideration is received from the~~
16 ~~candidate.~~

17 ~~(B) It is clear from the surrounding circumstances that the~~
18 ~~payment was made for purposes unrelated to his or her candidacy~~
19 ~~for elective office. The following types of payments are presumed~~
20 ~~to be for purposes unrelated to a candidate's candidacy for elective~~
21 ~~office:~~

(i) A payment made principally for personal purposes, in which case it may be considered a gift under the provisions of Section 82028. Payments that are otherwise subject to the limits of Section 86203 are presumed to be principally for personal purposes.

(ii) A payment made by a state, local, or federal governmental agency or by a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

(iii) A payment not covered by clause (i), made principally for legislative, governmental, or charitable purposes, in which case it is neither a gift nor a contribution. However, payments of this type that are made at the behest of a candidate who is an elected officer shall be reported within 30 days following the date on which the payment or payments equal or exceed two thousand five hundred dollars (\$2,500) in the aggregate from the same source in the same calendar year in which they are made. The report shall be filed by the elected officer with the elected officer's agency and shall be a public record subject to inspection and copying pursuant to Section 81008. The report shall contain the following information: name of payor, address of payor, amount of the payment, date or dates the payment or payments were made, the name and address of the payee, a brief description of the goods or services provided or purchased, if any, and a description of the specific purpose or event for which the payment or payments were made. Once the two-thousand-five-hundred-dollar (\$2,500) aggregate threshold from a single source has been reached for a calendar year, all payments for the calendar year made by that source shall be disclosed within 30 days after the date the threshold was reached or the payment was made, whichever occurs later. Within 30 days after receipt of the report, state agencies shall forward a copy of these reports to the Commission, and local agencies shall forward a copy of these reports to the officer with whom elected officers of that agency file their campaign statements. Reports filed with the Commission pursuant to this clause shall be posted on the Commission's Internet Web site not later than 30 days after receipt by the Commission.

(C) For purposes of subparagraph (B), a payment is made for purposes related to a candidate's candidacy for elective office if all or a portion of the payment is used for election-related activities. For purposes of this subparagraph, "election-related activities" include, but are not limited to, the following:

1 ~~(i) Communications that contain express advocacy of the~~
2 ~~nomination or election of the candidate or the defeat of his or her~~
3 ~~opponent.~~

4 ~~(ii) Communications that contain reference to the candidate's~~
5 ~~candidacy for elective office, the candidate's election campaign,~~
6 ~~or the candidate's or his or her opponent's qualifications for~~
7 ~~elective office.~~

8 ~~(iii) Solicitation of contributions to the candidate or to third~~
9 ~~persons for use in support of the candidate or in opposition to his~~
10 ~~or her opponent.~~

11 ~~(iv) Arranging, coordinating, developing, writing, distributing,~~
12 ~~preparing, or planning of any communication or activity described~~
13 ~~in clause (i), (ii), or (iii).~~

14 ~~(v) Recruiting or coordinating campaign activities of campaign~~
15 ~~volunteers on behalf of the candidate.~~

16 ~~(vi) Preparing campaign budgets.~~

17 ~~(vii) Preparing campaign finance disclosure statements.~~

18 ~~(viii) Communications directed to voters or potential voters as~~
19 ~~part of activities encouraging or assisting persons to vote, if the~~
20 ~~communication contains express advocacy of the nomination or~~
21 ~~election of the candidate or the defeat of his or her opponent.~~

22 ~~(D) A contribution made at the behest of a candidate for a~~
23 ~~different candidate or to a committee not controlled by the~~
24 ~~behesting candidate is not a contribution to the behesting candidate.~~

25 ~~(3) A payment made at the behest of a member of the Public~~
26 ~~Utilities Commission, made principally for legislative,~~
27 ~~governmental, or charitable purposes, is not a contribution.~~
28 ~~However, payments of this type shall be reported within 30 days~~
29 ~~following the date on which the payment or payments equal or~~
30 ~~exceed two thousand five hundred dollars (\$2,500) in the aggregate~~
31 ~~from the same source in the same calendar year in which they are~~
32 ~~made. The report shall be filed by the member with the Public~~
33 ~~Utilities Commission and shall be a public record subject to~~
34 ~~inspection and copying pursuant to Section 81008. The report shall~~
35 ~~contain the following information: name of payor, address of payor,~~
36 ~~amount of the payment, date or dates the payment or payments~~
37 ~~were made, the name and address of the payee, a brief description~~
38 ~~of the goods or services provided or purchased, if any, and a~~
39 ~~description of the specific purpose or event for which the payment~~
40 ~~or payments were made. Once the~~

1 ~~two-thousand-five-hundred-dollar (\$2,500) aggregate threshold~~
2 ~~from a single source has been reached for a calendar year, all~~
3 ~~payments for the calendar year made by that source shall be~~
4 ~~disclosed within 30 days after the date the threshold was reached~~
5 ~~or the payment was made, whichever occurs later. Within 30 days~~
6 ~~after receipt of the report, the Public Utilities Commission shall~~
7 ~~forward a copy of these reports to the Fair Political Practices~~
8 ~~Commission. Reports filed with the Fair Political Practices~~
9 ~~Commission pursuant to this paragraph shall be posted on the~~
10 ~~Commission's Internet Web site not later than 30 days after receipt~~
11 ~~by the Commission.~~

12 ~~(4) For purposes of this subdivision and subdivision (h), "made~~
13 ~~at the behest of" means made under the control or at the direction~~
14 ~~of; in cooperation, consultation, coordination, or concert with; at~~
15 ~~the request or suggestion of; or with the express, prior consent of.~~

16 ~~(e) "Contribution" includes the purchase of tickets for events~~
17 ~~such as dinners, luncheons, rallies, and similar fundraising events;~~
18 ~~the candidate's own money or property used on behalf of his or~~
19 ~~her candidacy, other than personal funds of the candidate used to~~
20 ~~pay either a filing fee for a declaration of candidacy or a candidate~~
21 ~~statement prepared pursuant to Section 13307 of the Elections~~
22 ~~Code; the granting of discounts or rebates not extended to the~~
23 ~~public generally or the granting of discounts or rebates by television~~
24 ~~and radio stations and newspapers not extended on an equal basis~~
25 ~~to all candidates for the same office; the payment of compensation~~
26 ~~by any person for the personal services or expenses of any other~~
27 ~~person, if the services are rendered or expenses incurred on behalf~~
28 ~~of a candidate or committee without payment of full and adequate~~
29 ~~consideration.~~

30 ~~(d) "Contribution" further includes any transfer of anything of~~
31 ~~value received by a committee from another committee, unless~~
32 ~~full and adequate consideration is received.~~

33 ~~(e) "Contribution" does not include amounts received pursuant~~
34 ~~to an enforceable promise to the extent those amounts have been~~
35 ~~previously reported as a contribution. However, the fact that those~~
36 ~~amounts have been received shall be indicated in the appropriate~~
37 ~~campaign statement.~~

38 ~~(f) "Contribution" does not include a payment made by an~~
39 ~~occupant of a home or office for costs related to any meeting or~~
40 ~~fundraising event held in the occupant's home or office if the costs~~

1 for the meeting or fundraising event are five hundred dollars (\$500)
2 or less.

3 ~~(g) Notwithstanding the foregoing definition of “contribution,”~~
4 ~~the term does not include volunteer personal services or payments~~
5 ~~made by any individual for his or her own travel expenses if the~~
6 ~~payments are made voluntarily without any understanding or~~
7 ~~agreement that they shall be, directly or indirectly, repaid to him~~
8 ~~or her.~~

9 ~~(h) “Contribution” further includes the payment of public~~
10 ~~moneys by a state or local governmental agency for a~~
11 ~~communication to the public that satisfies both of the following:~~

12 ~~(1) The communication expressly advocates the election or~~
13 ~~defeat of a clearly identified candidate or the qualification, passage,~~
14 ~~or defeat of a clearly identified measure, or, taken as a whole and~~
15 ~~in context, unambiguously urges a particular result in an election.~~

16 ~~(2) The communication is made at the behest of the affected~~
17 ~~candidate or committee.~~

18 ~~SEC. 2.~~

19 *SECTION 1.* Section 87106 is added to the Government Code,
20 to read:

21 87106. (a) An elected officer shall not request that a payment
22 be made, and a person shall not make a payment at the behest of
23 the elected officer, as described in Section 82015, to a nonprofit
24 organization that the elected officer knows or has reason to know
25 is owned or controlled by that officer or a family member of the
26 elected officer.

27 (b) An elected officer is deemed to have complied with the
28 requirements of subdivision (a) if the Commission determines that
29 the elected officer has made a reasonable effort to ascertain whether
30 a nonprofit organization is owned or controlled by any individual
31 described in subdivision (a).

32 (c) For purposes of this section, a nonprofit organization is
33 owned or controlled by an elected officer or family member of the
34 elected officer if the elected officer or family member of the elected
35 officer, or a member of that person’s immediate family, is a
36 director, officer, partner, or trustee of, or holds any position of
37 management with, the nonprofit organization, and is paid for his
38 or her services.

1 (d) For purposes of this section, “family member of the elected
2 officer” means the spouse, child, sibling, or parent of an elected
3 officer.

4 (e) This section shall not apply to behested payments made to
5 a nonprofit organization that is formed for the purpose of
6 coordinating or performing disaster relief services.

7 ~~SEC. 3. Section 87207 of the Government Code is amended~~
8 ~~to read:~~

9 ~~87207. (a) If income is required to be reported under this~~
10 ~~article, the statement shall contain, except as provided in~~
11 ~~subdivision (b):~~

12 ~~(1) The name and address of each source of income aggregating~~
13 ~~five hundred dollars (\$500) or more in value, or fifty dollars (\$50)~~
14 ~~or more in value if the income was a gift, and a general description~~
15 ~~of the business activity, if any, of each source.~~

16 ~~(2) A statement whether the aggregate value of income from~~
17 ~~each source, or in the case of a loan, the highest amount owed to~~
18 ~~each source, was at least five hundred dollars (\$500) but did not~~
19 ~~exceed one thousand dollars (\$1,000), whether it was in excess of~~
20 ~~one thousand dollars (\$1,000) but was not greater than ten thousand~~
21 ~~dollars (\$10,000), whether it was greater than ten thousand dollars~~
22 ~~(\$10,000) but not greater than one hundred thousand dollars~~
23 ~~(\$100,000), or whether it was greater than one hundred thousand~~
24 ~~dollars (\$100,000).~~

25 ~~(3) A description of the consideration, if any, for which the~~
26 ~~income was received.~~

27 ~~(4) In the case of a gift, the amount and the date on which the~~
28 ~~gift was received, and the travel destination for purposes of a gift~~
29 ~~that is a travel payment, advance, or reimbursement.~~

30 ~~(5) In the case of a loan, the annual interest rate, the security,~~
31 ~~if any, given for the loan, and the term of the loan.~~

32 ~~(b) If the filer’s pro rata share of income to a business entity,~~
33 ~~including income to a sole proprietorship, is required to be reported~~
34 ~~under this article, the statement shall contain:~~

35 ~~(1) The name, address, and a general description of the business~~
36 ~~activity of the business entity.~~

37 ~~(2) The name of every person from whom the business entity~~
38 ~~received payments if the filer’s pro rata share of gross receipts~~
39 ~~from that person was equal to or greater than ten thousand dollars~~
40 ~~(\$10,000) during a calendar year.~~

1 ~~(e) If a payment, including an advance or reimbursement, for~~
2 ~~travel is required to be reported pursuant to this section, it may be~~
3 ~~reported on a separate travel reimbursement schedule which shall~~
4 ~~be included in the filer's statement of economic interest. A filer~~
5 ~~who chooses not to use the travel schedule shall disclose payments~~
6 ~~for travel as a gift, unless it is clear from all surrounding~~
7 ~~circumstances that the services provided were equal to or greater~~
8 ~~in value than the payments for the travel, in which case the travel~~
9 ~~may be reported as income.~~

10 ~~SEC. 4.~~

11 ~~SEC. 2.~~ Section 89506 of the Government Code is amended
12 to read:

13 89506. (a) Payments, advances, or reimbursements for travel,
14 including actual transportation and related lodging and subsistence
15 that is reasonably related to a legislative or governmental purpose,
16 or to an issue of state, national, or international public policy, ~~shall~~
17 ~~not exceed eight thousand dollars (\$8,000) in a calendar year from~~
18 ~~a single source, but are otherwise~~ *are* not prohibited or limited by
19 this chapter if either of the following applies:

20 (1) The travel is in connection with a speech given by the elected
21 state officer, local elected officeholder, candidate for elective state
22 office or local elective office, an individual specified in Section
23 87200, member of a state board or commission, or designated
24 employee of a state or local government agency, the lodging and
25 subsistence expenses are limited to the day immediately preceding,
26 the day of, and the day immediately following the speech, and the
27 travel is within the United States.

28 (2) The travel is provided by a government, a governmental
29 agency, a foreign government, a governmental authority, a bona
30 fide public or private educational institution, as defined in Section
31 203 of the Revenue and Taxation Code, a nonprofit organization
32 that is exempt from taxation under Section 501(c)(3) of the Internal
33 Revenue Code, or by a person domiciled outside the United States
34 who substantially satisfies the requirements for tax-exempt status
35 under Section 501(c)(3) of the Internal Revenue Code.

36 (b) Gifts of travel not described in subdivision (a) are subject
37 to the limits in Section 89503.

38 (c) Subdivision (a) applies only to travel that is reported on the
39 recipient's statement of economic interests.

(d) For purposes of this section, a gift of travel does not include any of the following:

(1) Travel that is paid for from campaign funds, as permitted by Article 4 (commencing with Section 89510), or that is a contribution.

(2) Travel that is provided by the agency of a local elected officeholder, an elected state officer, member of a state board or commission, an individual specified in Section 87200, or a designated employee.

(3) Travel that is reasonably necessary in connection with a bona fide business, trade, or profession and that satisfies the criteria for federal income tax deduction for business expenses in Sections 162 and 274 of the Internal Revenue Code, unless the sole or predominant activity of the business, trade, or profession is making speeches.

(4) Travel that is excluded from the definition of a gift by any other provision of this title.

(e) This section does not apply to payments, advances, or reimbursements for travel and related lodging and subsistence permitted or limited by Section 170.9 of the Code of Civil Procedure.

(f) (1) A nonprofit organization that makes a payment, advance, or reimbursement for travel described in subdivision (a) shall disclose to the Commission the names of the donors responsible for funding that payment, advance, or reimbursement. The disclosure of donor names shall be limited to donors who knew or had reason to know that the donation would be used for a payment, advance, or reimbursement for travel described in subdivision (a).

(2) A donor knows or has reason to know that his or her donation will be used in the manner described in paragraph (1) under any of the following conditions:

(A) The donor directed the nonprofit organization to use the donation to make a payment, advance, or reimbursement for travel described in subdivision (a).

(B) The donor made the donation in response to a message or solicitation for donations for the stated purpose of making a payment, advance, or reimbursement for travel described in subdivision (a).

(C) The nonprofit organization made a payment, advance, or reimbursement for travel described in subdivision (a) in the current

1 calendar year or any of the immediately preceding four calendar
2 years. The nonprofit organization shall disclose donors identified
3 pursuant to this subparagraph only to the extent that donations
4 made pursuant to subparagraphs (A) and (B) are less than the
5 amount of the payment, advance, or reimbursement made by the
6 organization. The nonprofit organization shall not report a donor
7 identified pursuant to this subparagraph if the organization has
8 evidence indicating that the donor restricted or otherwise did not
9 intend the donation to be used for a payment, advance, or
10 reimbursement for travel described in subdivision (a).

11 ~~SEC. 5.~~

12 *SEC. 3.* Section 89513 of the Government Code is amended
13 to read:

14 89513. This section governs the use of campaign funds for the
15 specific expenditures set forth in this section. It is the intent of the
16 Legislature that this section guide the interpretation of the standard
17 imposed by Section 89512 as applied to other expenditures not
18 specifically set forth in this section.

19 (a) (1) Campaign funds shall not be used to pay or reimburse
20 a candidate, elected officer, or any individual or individuals with
21 authority to approve the expenditure of campaign funds held by a
22 committee, or employees or staff of the committee or the elected
23 officer's governmental agency, for travel expenses and necessary
24 accommodations, except when these expenditures are directly
25 related to a political, legislative, or governmental purpose.

26 (2) For purposes of this section, payments or reimbursements
27 for travel and necessary accommodations shall be considered
28 directly related to a political, legislative, or governmental purpose
29 if the payments would meet standards similar to the standards of
30 the Internal Revenue Service pursuant to Sections 162 and 274 of
31 the Internal Revenue Code for deductions of travel expenses under
32 the federal income tax law.

33 (3) For purposes of this section, payments or reimbursement
34 for travel by the household of a candidate or elected officer when
35 traveling to the same destination in order to accompany the
36 candidate or elected officer shall be considered for the same
37 purpose as the candidate's or elected officer's travel.

38 (4) If campaign funds are used to pay or reimburse a candidate,
39 elected officer, his or her representative, or a member of the
40 candidate's household for travel expenses and necessary

1 accommodations, the expenditure shall be reported as required by
2 Section 84211.

3 (5) If campaign funds are used to pay or reimburse for travel
4 expenses and necessary accommodations, any mileage credit that
5 is earned or awarded pursuant to an airline bonus mileage program
6 shall be deemed personally earned by or awarded to the individual
7 traveler. Neither the earning or awarding of mileage credit, nor
8 the redeeming of credit for actual travel, shall be subject to
9 reporting pursuant to Section 84211.

10 (6) Campaign funds shall not be used to make a payment for a
11 personal vacation for a candidate; elected officer; immediate family
12 member of a candidate or elected officer; or an officer, director,
13 employee, or member of the staff of a candidate, elected officer,
14 or committee.

15 (b) (1) Campaign funds shall not be used to pay for or reimburse
16 the cost of professional services unless the services are directly
17 related to a political, legislative, or governmental purpose.

18 (2) Expenditures by a committee to pay for professional services
19 reasonably required by the committee to assist it in the performance
20 of its administrative functions are directly related to a political,
21 legislative, or governmental purpose.

22 (3) Campaign funds shall not be used to pay health-related
23 expenses for a candidate, elected officer, or any individual or
24 individuals with authority to approve the expenditure of campaign
25 funds held by a committee, or members of his or her household.
26 “Health-related expenses” includes, but is not limited to,
27 examinations by physicians, dentists, psychiatrists, psychologists,
28 or counselors; expenses for medications, treatments, or medical
29 equipment; and expenses for hospitalization and special dietary
30 foods. However, campaign funds may be used to pay employer
31 costs of health care benefits of a bona fide employee or independent
32 contractor of the committee.

33 (4) Campaign funds shall not be used to make a payment for
34 membership dues for a country club, health club, or other
35 recreational facility.

36 (5) Campaign funds shall not be used to make tuition payments.

37 (c) Campaign funds shall not be used to pay or reimburse fines,
38 penalties, judgments, or settlements, except those resulting from
39 either of the following:

1 (1) Parking citations incurred in the performance of an activity
2 that was directly related to a political, legislative, or governmental
3 purpose.

4 (2) Any other action for which payment of attorney's fees from
5 contributions would be permitted pursuant to this title.

6 (d) Campaign funds shall not be used to purchase clothing to
7 be worn by a candidate or elected officer.

8 (e) (1) Except where otherwise prohibited by law, campaign
9 funds may be used to purchase or reimburse for the costs of
10 purchase of tickets to political fundraising events for the attendance
11 of a candidate, elected officer, or his or her immediate family, or
12 an officer, director, employee, or staff of the committee or the
13 elected officer's governmental agency.

14 (2) Campaign funds shall not be used to pay for or reimburse
15 for the costs of admission to a sporting event, concert, theater, or
16 other form of entertainment for the candidate, elected officer, or
17 members of his or her immediate family, or an officer, director,
18 employee, or staff of the committee, unless their attendance at the
19 event is directly related to the election campaign of the candidate
20 or elected officer.

21 (3) The purchase of tickets for entertainment or sporting events
22 for the benefit of persons other than the candidate, elected officer,
23 or his or her immediate family are governed by subdivision (f).

24 (f) (1) Campaign funds shall not be used to make a gift to a
25 spouse, child, sibling, or parent of a candidate, elected officer, or
26 other individual with authority to approve the expenditure of
27 campaign funds held by a committee, except for a gift of nominal
28 value that is substantially similar to a gift made to other persons
29 and that is directly related to a political, legislative, or
30 governmental purpose. Campaign funds shall not be used to make
31 personal gifts to any other person not described in this paragraph
32 unless the gift is directly related to a political, legislative, or
33 governmental purpose. The refund of a campaign contribution
34 does not constitute the making of a gift.

35 (2) This section does not prohibit the use of campaign funds to
36 reimburse or otherwise compensate a public employee for services
37 rendered to a candidate or committee while on vacation, leave, or
38 otherwise outside of compensated public time.

39 (3) An election victory celebration or similar campaign event,
40 or gifts with a total cumulative value of less than two hundred fifty

1 dollars (\$250) in a single year made to an individual employee, a
2 committee worker, or an employee of the elected officer's agency,
3 are considered to be directly related to a political, legislative, or
4 governmental purpose. For purposes of this paragraph, a gift to a
5 member of a person's immediate family shall be deemed to be a
6 gift to that person.

7 (g) Campaign funds shall not be used to make loans other than
8 to organizations pursuant to Section 89515, or, unless otherwise
9 prohibited, to a candidate for elective office, political party, or
10 committee.

11 ~~SEC. 6. Section 89514 of the Government Code is amended~~
12 ~~to read:~~

13 ~~89514. Expenditures of campaign funds for attorney's fees and~~
14 ~~other costs in connection with administrative or civil litigation are~~
15 ~~not directly related to a political, legislative, or governmental~~
16 ~~purpose except where the litigation is directly related to activities~~
17 ~~of a committee that are consistent with its primary objectives or~~
18 ~~arises directly out of a committee's activities or out of a candidate's~~
19 ~~or elected officer's activities, duties, or status as a candidate or~~
20 ~~elected officer, including, but not limited to, an action to enjoin~~
21 ~~defamation, defense of an action to enjoin defamation, defense of~~
22 ~~an action brought for a violation of state or local campaign,~~
23 ~~disclosure, or election laws, and an action arising from an election~~
24 ~~contest or recount.~~

25 ~~SEC. 7. Section 89514.5 is added to the Government Code, to~~
26 ~~read:~~

27 ~~89514.5. (a) Expenditures of campaign funds for attorney's~~
28 ~~fees and other costs in connection with criminal litigation are not~~
29 ~~directly related to a political, legislative, or governmental purpose.~~

30 ~~(b) Notwithstanding subdivision (a), attorney's fees and other~~
31 ~~related legal costs incurred in connection with criminal litigation~~
32 ~~for which the candidate or elected officer has been indicted or~~
33 ~~arrested and arising directly out of the conduct of an election~~
34 ~~campaign, the electoral process, or the performance of the officer's~~
35 ~~governmental activities or duties may be paid for using funds~~
36 ~~deposited in a legal defense account created pursuant to Section~~
37 ~~85304 or 85304.5.~~

38 ~~(c) A committee that is not a legal defense committee shall not~~
39 ~~make an expenditure of campaign funds to a legal defense account~~
40 ~~created pursuant to Section 85304 or 85304.5.~~

1 ~~SEC. 8.~~

2 ~~SEC. 4.~~ Section 89515 of the Government Code is amended
3 to read:

4 89515. Campaign funds may be used to make donations or
5 loans to bona fide charitable, educational, civic, religious, or similar
6 tax-exempt, nonprofit organizations, if no substantial part of the
7 proceeds will have a material financial effect on the candidate,
8 campaign treasurer, or any individual or individuals with authority
9 to approve the expenditure of campaign funds held by a committee,
10 or member of his or her immediate family, and if the donation or
11 loan bears a reasonable relation to a political, legislative, or
12 governmental purpose, except as prohibited by Section 89515.5.

13 ~~SEC. 9.~~

14 ~~SEC. 5.~~ Section 89515.5 is added to the Government Code, to
15 read:

16 89515.5. (a) An expenditure of campaign funds by an elected
17 officer or committee controlled by the elected officer to a nonprofit
18 organization that the elected officer knows or has reason to know
19 is owned or controlled by the elected officer or a family member
20 of the elected officer is deemed to serve the primary purpose of
21 conferring a personal financial benefit on the recipient and is
22 prohibited as being unrelated to a political, legislative, or
23 governmental purpose and inconsistent with the trust imposed by
24 Section 89510.

25 (b) An elected officer is deemed to have complied with the
26 requirements of subdivision (a) if the Commission determines that
27 the elected officer has made a reasonable effort to ascertain whether
28 a nonprofit organization is owned or controlled by any individual
29 described in subdivision (a).

30 (c) For purposes of this section, a nonprofit organization is
31 owned or controlled by an elected officer or family member of the
32 elected officer if the elected officer or family member of the elected
33 officer, or a member of that person's immediate family, is a
34 director, officer, partner, or trustee of, or holds any position of
35 management with, the nonprofit organization *and is paid for his*
36 *or her services.*

37 (d) For purposes of this section, "family member of the elected
38 officer" means the spouse, child, sibling, or parent of an elected
39 officer.

~~SEC. 10.~~

SEC. 6. Section 89516 of the Government Code is amended to read:

89516. Notwithstanding Sections 89512 and 89513, this section governs the use of campaign funds for vehicle expenses.

(a) Campaign funds shall not be used to purchase a vehicle unless both of the following apply:

(1) Title to the vehicle is held by the committee and not the candidate, elected officer, campaign treasurer, or any other individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or a member of his or her immediate family.

(2) The use of the vehicle is directly related to an election campaign.

(b) Campaign funds shall not be used to lease a vehicle unless both of the following apply:

(1) The lessee is the committee, or a state or local government agency, and not the candidate, elected officer, or a member of his or her immediate family; or the lessor is a state or local government agency.

(2) The use of the vehicle is directly related to an election campaign.

(c) Campaign funds may be used to pay for or reimburse the operating costs, including, but not limited to, insurance, maintenance, and repairs, for any vehicle for which campaign funds may be spent pursuant to this section.

(d) Campaign funds may be used to reimburse a candidate, elected officer, his or her immediate family, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or an employee or member of the staff of the committee or of the elected officer's governmental agency, for the use of his or her vehicle at the rate approved by the Internal Revenue Service pursuant to Section 162 of the Internal Revenue Code in connection with deductible mileage expenses under the federal income tax law, if both of the following requirements are met:

(1) The vehicle use for which reimbursement is sought is directly related to an election campaign.

(2) The specific purpose and mileage in connection with each expenditure is documented in a manner approved by the Internal Revenue Service in connection with deductible mileage expenses.

(e) For purposes of this section, use of a vehicle is considered to be directly related to an election campaign as long as its use for other purposes is only incidental to its use for an election campaign.

~~SEC. 11.~~

SEC. 7. Section 89517 of the Government Code is amended to read:

89517. (a) Campaign funds shall not be used for payment or reimbursement for the lease of real property, for a utility bill for real property, or for the purchase, lease, or refurbishment of any appliance or equipment, where the lessee or sublessor is, or the legal title resides in, in whole or in part, a candidate, elected officer, campaign treasurer, or any individual or individuals with authority to approve the expenditure of campaign funds, or member of his or her immediate family.

(b) Campaign funds shall not be used to purchase real property. Except as prohibited by subdivision (a), campaign funds may be used to lease real property for up to one year at a time if the use of that property is directly related to political, legislative, or governmental purposes and the lessee or sublessor is not, or the legal title does not reside in, in whole or in part, a candidate, elected officer, campaign treasurer, or any individual or individuals with authority to approve the expenditure of campaign funds, or a member of his or her immediate family.

(c) For purposes of this section, real property, appliance, or equipment is considered to be directly related to a political, legislative, or governmental purpose if its use for other purposes is only incidental to its use for political, legislative, or governmental purposes and the lessee or sublessor of the real property is not, or the legal title for the real property does not reside in, in whole or in part, a candidate, elected officer, campaign treasurer, or any individual or individuals with authority to approve the expenditure of campaign funds, or a member of his or her immediate family.

~~SEC. 12.~~

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school

1 district will be incurred because this act creates a new crime or
2 infraction, eliminates a crime or infraction, or changes the penalty
3 for a crime or infraction, within the meaning of Section 17556 of
4 the Government Code, or changes the definition of a crime within
5 the meaning of Section 6 of Article XIII B of the California
6 Constitution.

7 ~~SEC. 13.~~

8 SEC. 9. The Legislature finds and declares that this bill furthers
9 the purposes of the Political Reform Act of 1974 within the
10 meaning of subdivision (a) of Section 81012 of the Government
11 Code.

12 SEC. 10. *This act is an urgency statute necessary for the*
13 *immediate preservation of the public peace, health, or safety within*
14 *the meaning of Article IV of the Constitution and shall go into*
15 *immediate effect. The facts constituting the necessity are:*

16 *In order to implement these proposals at the earliest possible*
17 *time prior to the 2014 General Election, it is necessary that this*
18 *act take immediate effect.*